



Can You Get Rich by Investing in Bank of Montreal (TSX:BMO)?

Description

The stock market is full of uncertainties, but one definite is that even the average Canadian can get rich by investing in stocks. However, you have to manage your expectations because the riches you desire won't come in an instant. You'll need to set a time horizon before you ultimately realize your dream.

Investors who became rich on the **TSX** followed a time-tested rule. By choosing the stock with a solid record of delivering increasing returns, they were able to [amass wealth over a period of time](#). Many of these dreamers invested in **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). This bank could also be your means to long-term wealth.

Stronger from recent economic duress

Bank of Montreal is the fourth-largest bank in Canada by market capitalization. Investors have high regard for the Canadian banking system because it's one of the world's safest banking systems if not the most stable. BMO started back in 1817 when it became the first Canadian bank.

Over the past decade, Bank of Montreal experienced periods of economic pressure, including a recession, but bank survived the hits every time. BMO's profit fell by 21.0% in 2008 due to the exposure to the subprime mortgage crisis which was tied to the U.S. real estate sector.

Nonetheless, the overall revenue still increased by 8.0%, aided by the strong domestic business as well as the domestic private client business. Even if the top Canadian banks suffered losses from the subprime mess, the banking industry was not in serious risk of collapse. Today, BMO's credit quality is outstanding.

Building wealth with BMO

Let's go back 20 years to June 15, 1999. The stock price then was \$27.00 and the current price as of June 15, 2019, is \$99.67. The percentage increase for the entire period is 269.15% or an average

increase of \$3.63 per year. Take note that I'm using a straightforward analysis of the price appreciation in a span of 20 years.

I just want to stress the point that based on the historical data, your initial investment could double in a decade and triple in two decades. I did not take into account the dividend growth, dividend payouts, and the compounding effect if the dividends received were reinvested.

Longest-running dividend-payer

Keep in mind that Bank of Montreal, or the BMO Financial Group is the longest-running dividend-paying company in Canada. That makes the bank one of the [Dividend Aristocrats](#) on the TSX.

The current dividend yield is 4.0%, and the bank made it a policy to pay out 40% to 50% of its earnings in dividends to shareholders. BMO is performing creditably so far in 2019 as the stock is up 11.75% year-to-date. Analysts are forecasting a 20.4% price appreciation in the next 12 months.

If you're asking whether you can get rich by investing in Bank of Montreal, my answer is a resounding yes. The banking system in Canada is the country's national pride. And the industry's pioneer has become a global powerhouse.

CATEGORY

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